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SUBJECT: MALAWI - INDIFFERENCE AND JEALOUSY COLOR ATTITUDES TOWARD  
SOUTH AFRICA

¶1. (SBU) Summary: Malawi's relationship with South Africa is colored largely by indifference, due to South Africa's lack of an aid program and jealousy of South Africa's economic and political position in the region. While Malawi once enjoyed close relations with -- and derived many economic benefits from -- the apartheid-era government of South Africa, the relationship grew chillier from 1994 until 2002. In the past five years, Malawi and South Africa have returned to more cordial relations, although most in Malawi view South Africa as a growing regional hegemon. Despite these attitudes, many in the government are content to follow the lead of South Africa on international issues and use regional bodies such as SADC to shield Malawi from external bilateral pressure. Economically, South Africa dominates trade with Malawi, accounting for almost 50% of imports and over 30% of exports. Although trade agreements are in Malawi's favor, imports from South Africa are three times larger than exports and many in Malawi feel South Africa still must do more to level the playing field. End summary.

#### Apartheid-Era Relationship Shapes Recent History -----

¶2. (U) Malawi was the only country in Africa to recognize the apartheid-era government of South Africa when Banda established bilateral ties in 1967. Malawi extracted many economic benefits from the relationship. Much as was done in the colonial days when Malawi was a source of labor for Zambian mines and Zimbabwean plantations, thousands of Malawians went to South Africa to work in the mines in the 1960s and 70s. Remittances from South Africa were one of the largest sources of foreign exchange for Malawi and extensive commercial enterprises existed to recruit, train, and transport workers to the mines.

¶3. (SBU) South Africa also contributed to Malawi, through large-scale public works projects such as the Capital Hill complex of government buildings, completed in 1974, that enabled the relocation of the national capital from Zomba to Lilongwe in 1975. Additionally, the National Food Reserve silos, still dominating the Kanengo area outside Lilongwe, were built by South Africa in the late 1970s. Foreign aid from South Africa peaked at over 30% of total aid to Malawi, making the country Malawi's biggest donor throughout much of the 1970s. South Africa's influence diminished beginning in 1976 when then Life President Hastings Kamuzu Banda suspected South African involvement in a coup attempt against him. In 1980, Malawi joined the Southern African Development Community (SADC) and completed its move away from apartheid South Africa as Dr. Banda's influence on day-to-day politics diminished and senior civil servants exercised more power.

¶4. (SBU) 1994 marked the end of apartheid in South Africa and the beginning of multi-party democracy in Malawi. By this time, labor migration to the mines had dwindled as closer labor sources such as Botswana and Mozambique became better options. Due to Malawi's past recognition of the apartheid-era government, the new South African government, while maintaining formal relations, did little economic or political business with Malawi. During this period, Malawi turned inward to concentrate on its own new democracy and

increasingly sought foreign assistance from Western Europe and the United States. It was not until 2002 that the relationship began to improve, with the arrival of the first High Commissioner and diplomatic staff representing the "new" South Africa. The present High Commissioner is a senior ANC member. In 2006 Malawi and South Africa began to explore ways to strengthen their relationship, signing a strategic cooperation agreement that identified several potential areas of mutual benefit. This agreement has paved the way for a likely Ministerial visit by the Minister of Foreign Affairs in 2008 and a possible State visit to Malawi in 2009.

#### Politicians Indifferent about Current Relationship

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15. (U) Despite the moves to improve relations, South Africa is currently viewed by most politicians and government staff with ambivalence. Relations with the donor nations and organizations of Europe and North America are elevated in priority above South Africa despite the latter's proximity and regional importance. Relations with the border countries of Mozambique and Zambia are usually viewed as more important as well. Some officials also cite colonial links to Zimbabwe (including the large number of Zimbabweans of Malawian origin) to describe that relationship as more crucial to Malawi despite Zimbabwe's current situation.

#### Interacting with the Reluctant Regional Hegemon

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16. (SBU) Many Malawian officials describe South Africa as a reluctant regional hegemon. They say South Africa is usually deferential during SADC and other multi-lateral meetings, often offering up its positions but then framing them as the ideas of a young democracy that could learn from its neighbors' experiences. South African diplomats admit that when dealing with its neighbors

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they often bring up the fact that South Africa has only a 14-year history of democracy. Ministry of Foreign Affairs contacts say that despite this approach, with few exceptions, the South African position usually becomes that which is adopted by SADC.

#### Why Won't South Africa Become a Donor?

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17. (U) Members of Parliament express a desire for South Africa to step up to the levels of foreign assistance that Europe and the U.S. do, and hope as well for preferential trade agreements and massive foreign investment. At the same time they do not want South Africa to meddle with Malawi's internal politics nor displace Malawians from jobs here. Jealousy-tinged complaints about the influx of South African retailers like Shop-Rite and Game are common, even as government officials enjoy the broader range of products and reduced prices these outlets offer. Most officials insist South Africa must do more to level the playing field with Malawi, but offer no concrete methods to do so other than through financial infusions resembling those of other donors.

18. (SBU) According to South African political officer Zwai Jiphetu, South Africa still considers itself a developing nation with limited capacity to provide foreign aid. The South African aid strategy is to fund development through multi-lateral organizations such as the UN and not give direct bilateral assistance so that the nation does not anger any of its many needier neighbors. This, of course, is in sharp contrast to the Malawian perception that South Africa is rich and should share what it has.

#### South Africa, a Military Afterthought

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19. (SBU) Discussions with top Malawi Defense Force (MDF) officials reveal that South Africa is a military afterthought. In its current search for equipment assistance donations for a proposed UN deployment to Darfur the military has canvassed the United States, Taiwan, European nations, and even approached sparsely-represented Japan and Canada, but have not sought assistance from South Africa, though much of Malawi's hardware is purchased from South Africa,

reflecting relationships going back to the 1970s. MDF officials describe South Africa as a regional military power but interactions between the two are limited to annual SADC training exercises and regional defense cooperation conferences usually sponsored on by the United States, Canada, or the United Kingdom.

#### Dominating the Economic Landscape

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¶10. (U) South Africa is Malawi's dominant trading partner, accounting for 48.5% of all imports and 30.2% of all exports in ¶2006. Despite trade agreements with South Africa that favor Malawi, Malawi still imported 59,118.48 million MK (439.2 million USD) while exporting only 20,104.95 million MK (149.4 million USD) to South Africa in 2006. While most exports to South Africa are commodities and basic apparel, imports from South Africa consist of a wide range of consumer and capital goods. While ports in Mozambique are closer, much of Malawi's trade is still moved by truck to the port of Durban because of South Africa's better infrastructure.

¶11. (SBU) Comment: As with much of Southern Africa, Malawi cannot escape the pull of South Africa's growing economic and political importance. South Africa's manufacturing base feeds an increasingly large portion of Malawi's import-dependent economy. Even South Africa's internal problems can adversely affect Malawi, as in the case of South Africa's power shortages, which will likely affect Malawi's ability import power from Mozambique through a planned interconnection with its grid. Despite Malawi's concerns about South Africa's growing regional influence, the government of Malawi is often happy to use SADC, and thereby South Africa, as a shield from international pressure on multilateral issues. As South Africa continues to grow in regional and international stature, Malawi's relationship with South Africa will only grow in importance. However, most Malawians will still eye South Africa with a bit of wariness until it joins the ranks of donor nations, and even then will maintain a jealousy-tinged attitude toward their neighbor to the south.

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